

# HOUSE RESEARCH

## Bill Summary

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### Overview

Income tax dependency exemptions may be allocated by the court in child support and custody matters. This bill clarifies the factors the court is to consider in making the income tax dependency allocations and establishes remedies if a parent fails to comply with the court's orders.

#### Section

**1** **Income tax dependency exemptions.** Amends § 518A.38, by adding subd. 7. Paragraph (a) clarifies that a court has the authority to allocate income tax dependency exemptions. Provides that if the court allocates dependency exemptions to the parent who has physical custody of the child less than one-half of the year, then the other parent must execute the IRS document releasing claim to the child as a dependent.

Paragraph (b) lists the factors the court must consider when determining the allocation. Factors include the financial resources of each party, how the allocation impacts a parent's ability to provide for the child's needs, whether one or both parents would receive a tax benefit from the dependency exemption, and which parent is providing health care coverage and whether that parent will benefit from a premium assistance tax credit or premium subsidy.

Paragraph (c) provides that the court may place conditions on a party's right to claim an exemption, including the requirement to remain in compliance with a child support order.

Paragraph (d) states that absent an agreement by the parties a parent with less than ten percent parenting time is not entitled to receive a dependency exemption.

**Section**

Paragraph (e) requires a showing of substantial change in the factors listed in paragraph (b) before the allocation may be modified.

Paragraph (f) requires the court to make findings supporting its allocation decision, if the allocation is contested.

Paragraph (g) establishes remedies if a party claims an exemption in violation of a court order or applicable law, or fails or refuses to provide the properly executed declaration releasing the party's claim to a child as a dependent.